

# Pet Waste Removal Business

The Scoop

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Primrose, IL 60054

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*The Scoop is a pet waste removal business serving the central Illinois community of Primrose.*

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## EXECUTIVE SUMMARY

### Business Overview

According to the American Pet Products Association's 2009-2010 *National Pet Owners Survey*, an estimated 45.6 million U.S. households owned dogs during 2010. Each week, these dogs collectively produce a massive amount of waste. For busy families and elderly or disabled pet owners, "scooping poop" can be difficult and inconvenient.

Pet waste also is an environmental hazard. In addition to containing nitrogen and phosphorus, dog waste can spread bacteria infections such as *Campylobacteriosis* and *Salmonellosis*, as well as *Toxocarisis* (roundworms transmitted from animals to humans).

According to a bulletin from the U.S. Environmental Protection Agency, which designated pet waste as a form of pollution during the early 1990s: "Pets, particularly dogs, are significant contributors to source water contamination. Studies performed on watersheds in the Seattle, Washington, area found that nearly 20 percent of the bacteria found in water samples were matched with dogs as the host animals."

The Scoop is a pet waste removal business serving the central Illinois community of Primrose. As professional animal waste specialists, we take the hassle out of yard cleanup for pet owners, allowing them to spend their time doing more important things. At the same time, we minimize the environmental hazards connected with infrequent and/or improper pet waste removal.

The Scoop's origins are rooted in economic necessity. After an eight-year career working as a lawn care specialist for Handfield Lawn Services, which provided fertilizer, weed treatment, and pesticide applications, Jay Johnson lost his job when economic conditions forced his company to reduce staff. Unable to find a similar position at another company, Jay began considering ways to support his family. During his career as a lawn care specialist, unpleasant encounters with pet waste were all too common. Sensing an opportunity, Jay decided to combine his route management and lawn care skills and test the market for his own pet waste removal business.

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## MARKET ANALYSIS

According to the American Pet Products Association's 2009-2010 *National Pet Owners Survey*, an estimated 45.6 million U.S. households owned dogs in 2010. In all, Americans owned 77.5 million

## PET WASTE REMOVAL BUSINESS

dogs. Pet industry expenditures, which totaled \$43.2 million in 2008, reached \$45.5 million in 2009, and were expected to total \$47.7 million in 2010.

According to data from Smith Research & Associates LLC, the community of Primrose, Illinois, consists of approximately 13,155 households. Using formulas from the 2007 *U.S. Pet Ownership & Demographics Sourcebook*, the community includes an estimated 4,894 dog-owning households (8,314 dogs). Based upon population projections, these figures are expected to remain relatively flat through 2014, when the community will consist of 13,167 households.

Because they have higher levels of discretionary income, as well as a greater prevalence of health issues that may make pet waste removal more challenging, individuals over the age of 55 are a prime market for our services. In 2009 the 55-plus segment comprised 30 percent of the Primrose population. Specifically, those aged 55 to 64 (3,439) accounted for 11.2 percent of the population, followed by those aged 65 to 74 (2,613; 8.5%), and those over the age of 75 (3,150; 10.3%).

In 2009 average household income in Primrose totaled \$48,638. This figure was expected to increase 3.8 percent by 2014, reaching \$50,479. In our market, the most significant household income growth is expected among those earning between \$75,000 and \$99,000 (4.8%); \$100,000 and \$149,000 (25.4%); and those earning more than \$150,000 (32.5%).

We are fortunate in that competition is virtually nonexistent in the Primrose area. We will have two direct competitors. Abe Swanson is a local retiree who performs pet waste removal on a part-time basis. Green Fields Lawn Services Inc. is a local lawn maintenance company that began offering pet waste removal last season. However, this mainly is an add-on service for them, as their main focus is traditional fertilizer and weed treatment applications.

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## INDUSTRY ANALYSIS

During the early 2000s *USA Today* indicated that about 40 percent of the nation's pet owners did not pick up their dogs' waste. This reluctance, coupled with increased environmental sensitivity (and hefty fines in some communities) over rising bacteria levels in rivers and lakes, has set the stage for the pet waste removal industry's success. Our industry includes a large number of independent operations as well as industry leaders that have begun to offer franchising opportunities. One leader is DoodyCalls, which has been ranked as the leading pet waste removal franchise in the nation by *Entrepreneur Magazine*. Each year, DoodyCalls claims to remove more than 3 million pieces of dog waste. The company's operations span 21 states, and it serves approximately 8,000 dogs. In 2007 the company reported annual sales of \$612,000.

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## GROWTH STRATEGY

While performing pet waste removal services independently, Jay Johnson discovered that he was able to clean five yards per hour, on average. During his first year of operations Jay plans to spend four hours per day (five days per week) performing pet waste removal. He will devote the remainder of each workday to planning, administrative tasks, and growing the business. By performing pet waste removal four hours per day, he will be able to provide service for 100 dogs during year one. During year two, Jay expects to provide service to 150 dogs, which he estimates will take six hours per day. Finally, during year three Jay will hire one full-time employee, allowing the business to serve 200 dogs and prepare for continued expansion in the coming years.

Households	2010	2011	2012
One dog	80	120	160
Two dogs	15	22	30
Three dogs	5	8	10
<b>Total</b>	<b>100</b>	<b>150</b>	<b>200</b>

## SERVICE OPTIONS

Although the service we provide (scooping poop) is straightforward, we provide customers with several different options to meet their specific needs. Based on the owner's experience as an independent contractor, as well as discussions with pet waste removal business operators in other markets, most customers desire weekly service. However, we also will offer bi-weekly service for those with multiple dogs, as well as a semi-weekly option for those who only require the occasional cleanup. Substantial cleanup services (e.g., for first-time customers, as well as existing customers in the springtime) are available on a prescheduled basis.

## OPERATIONS

### Equipment

The main capital purchase for The Scoop will be a dedicated pickup truck for business use. Jay Johnson has made arrangements to purchase a reliable used truck with low miles from a private owner:

#### 2003 Toyota Tundra SR5

- V8 engine
- 4 x 4
- 150,000 Mile Powertrain Warranty
- 68,200 miles
- Extended cab
- Sprayed in Bed Liner/Rubber Bed Mat

In addition, several additional rakes and dustpans will be purchased, along with several closed containers (for disposal) and a bulk supply of plastic disposal bags.

### Location

The Scoop will operate from a home office. Jay Johnson has dedicated 150 square feet in his home for the business. He will use a personal computer and an off-the-shelf accounting program to store customer records, generate invoices, etc. He will use a dedicated cellular phone for telecommunications, given the mobile nature of his business.

### Hours of Operation

Normal operating hours for The Scoop will be from 8 a.m. to 4:30 p.m., Monday to Friday.

### Fees

For routine cleanup, The Scoop charges \$15 per dog per visit (monthly minimum of two visits). We will require customers to commit to service in increments of three months.

### Disposal

The Scoop will adhere to all local and state regulations regarding pet waste disposal. Specifically, we have made arrangements to lease a dumpster, where we can dispose of pet waste in secure plastic bags.

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## MANAGEMENT SUMMARY

The Scoop's origins are rooted in economic necessity. After an eight-year career working for as a lawn care specialist for Handfield Lawn Services, which provided fertilizer, weed treatment, and pesticide applications, Jay Johnson lost his job when economic conditions forced his company to reduce staff. Unable to find a similar position with Handfield's competitors, Jay began considering ways to support his family. During his career as a lawn care specialist, unpleasant encounters with pet waste were all too common.

Sensing an opportunity, Jay decided to combine his route management and lawn care skills and test the market. He purchased a small rake and a dustpan, printed off some basic flyers, and called upon a few of his former Handfield customers that were dog owners. To his surprise, Jay's new business idea was well received. After six months, he had developed a steady customer base, mainly through word-of-mouth referrals, and was earning a decent income. Moving forward, Jay has decided to formally establish The Scoop, which will commence operations in the summer of 2010.

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## MARKETING & SALES

We have developed a marketing plan for The Scoop that includes the following tactics:

- **Brand Identity**—A local graphic designer has developed an eye-catching logo for The Scoop, which we can use on all of our marketing materials.
- **Business Cards**—Although these go without saying for a new business, The Scoop has identified a supplier of magnetic business cards, which will allow our service to remain visible (on the fridge).
- **Word-of-Mouth Advertising**—In speaking with pet waste removal business operators in other markets, word-of-mouth referrals are very important. With this in mind, we will offer “refer a friend” discounts amounting to one free weekly visit (one dog) for each new customer referral.
- **Web Site**—We will develop a simple Web site describing our business, hours of operation, specials, and service options offered.
- **Yellow Page Advertising**—Arrangements have been made to list The Scoop with Yellowbook under the category Pet Waste Removal Service.
- **Promotional Flyer**—We have developed a colorful flyer describing the services we provide. In addition to listing our rates, the flier contains customer testimonials and a coupon for one free weekly visit (one dog) for all new customers who sign a three-month contract.
- **Direct Marketing**—To raise awareness about our services in advance of the warm weather season, The Scoop has planned to do a direct mail campaign during the months of March and April to select neighborhoods in the Primrose community. A list broker has been identified that can provide us with mailing lists based on household income and pet ownership.
- **Vehicle Advertising**—Primrose Graphics, a local large-format printer, will produce vehicle graphics displaying our logo, phone number, and Web site on the company truck.

## FINANCIAL ANALYSIS

### Balance sheet

Sales	2010	2011	2012
<b>Total sales</b>	<b>\$52,500</b>	<b>\$78,750</b>	<b>\$105,000</b>
<b>Expenses</b>			
Marketing and advertising	\$ 3,000	\$ 3,000	\$ 3,000
General/administrative	\$ 500	\$ 500	\$ 500
Accounting/legal	\$ 800	\$ 400	\$ 400
Office supplies	\$ 350	\$ 350	\$ 350
Equipment	\$ 500	\$ 500	\$ 500
Auto loan	\$ 3,276	\$ 3,276	\$ 3,276
Insurance	\$ 1,500	\$ 1,600	\$ 1,700
Salary	\$35,000	\$40,000	\$ 65,000
Payroll taxes	\$ 3,600	\$ 9,450	\$ 12,600
Vendor permits and licenses	\$ 250	\$ 250	\$ 250
Postage	\$ 700	\$ 350	\$ 350
Gasoline	\$ 1,500	\$ 2,000	\$ 3,000
Wireless telecommunications	\$ 750	\$ 800	\$ 1,500
<b>Total expenses</b>	<b>\$51,726</b>	<b>\$62,476</b>	<b>\$ 92,426</b>
<b>Net income</b>	<b>\$ 774</b>	<b>\$16,274</b>	<b>\$ 12,574</b>